

**City of Miami Beach - City Commission Meeting  
Commission Chambers, 3rd Floor, City Hall  
1700 Convention Center Drive  
July 28, 2004**

Mayor David Dermer  
Vice-Mayor Richard L. Steinberg  
Commissioner Matti Herrera Bower  
Commissioner Simon Cruz  
Commissioner Luis R. Garcia, Jr.  
Commissioner Saul Gross  
Commissioner Jose Smith

City Manager Jorge M. Gonzalez  
City Attorney Murray H. Dubbin  
City Clerk Robert E. Parcher

**ATTENTION ALL LOBBYISTS**

Chapter 2, Article VII, Division 3 of the City Code of Miami Beach entitled "Lobbyists" requires the registration of all lobbyists with the City Clerk prior to engaging in any lobbying activity with the City Commission, any City Board or Committee, or any personnel as defined in the subject Code sections. Copies of the City Code sections on lobbyists laws are available in the City Clerk's office. Questions regarding the provisions of the Ordinance should be directed to the Office of the City Attorney.

**R7 - Resolutions**

- R7G A Resolution Setting The Proposed Millage Rates For Fiscal Year (FY) 2004/05, The Calculated "Rolled-Back" Rate, And The Date, Time, And Place Of The First Public Hearing; Further Authorizing The City Manager To Transmit This Information To The Miami-Dade County Property Appraiser In The Form Required By Section 200.065, Florida Statutes.

(Budget Department)

**(Commission Memorandum and Resolution)**

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# CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139  
http://ci.miami-beach.fl.us



## COMMISSION MEMORANDUM

**To:** Mayor David Dermer and  
Members of the City Commission

**Date:** July 28, 2004

**From:** Jorge M. Gonzalez  
City Manager

**Subject:** **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA SETTING 1) THE PROPOSED OPERATING MILLAGE RATE; 2) THE REQUIRED DEBT SERVICE MILLAGE RATE; 3) THE CALCULATED "ROLLED-BACK" RATE; AND, 4) THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING TO CONSIDER THE MILLAGE RATES AND BUDGETS FOR FISCAL YEAR (FY) 2004/05; FURTHER AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES.**

### SUMMARY

The Administration is recommending the City's total millage rate be maintained at the current rate of 8.173. The operating millage rate will remain at the current rate of 7.299 and debt service millage rate will decrease by 0.126, from 0.874 to 0.748. The 0.126 mills reduced from debt service will be reserved for Capital Replacement and Renewal. Although the overall millage will remain the same as last year, due to increases in assessed value there will be a net increase of \$31.05 in the amount of taxes that "the average residential homeowner" (who owns a \$200,000 home with homestead exemption) will pay to the City in the coming fiscal year. The School Board has announced a decrease and the County has announced that there will be no overall increase in the property tax rate, but due to increases in assessed values, the combined impact on "the average homeowner" in Miami Beach will be an annual increase of \$59.98.

### ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the attached resolution which authorizes the City Manager to transmit the following information to the Miami-Dade County Property Appraiser:

1) Proposed Millage Rates for FY 2004/05:

General Operating	7.299 mills	(7.299 last year)
Capital Replacement & Renewal	0.126 mills	(0.000 last year)
Debt Service	<u>0.748 mills</u>	<u>(0.874 last year)</u>
	8.173 mills	(8.173 last year)

Agenda Item R7G  
Date 7-28-04

- 2) "Rolled-Back" Rate (Truth in Millage) 6.314 mills
- 3) The first public hearing to consider the proposed millage rates and tentative budgets for FY 2004/05 shall be at 5:01 p.m., date to be announced at the July 28, 2004 Commission Meeting, in the City Commission Chambers, City Hall, 1700 Convention Center Drive, Miami Beach, Florida

### **DECISION-MAKING PROCESS**

The budget development process has included participation from within and from outside City Hall. Budget briefings were held on March 10<sup>th</sup>, July 12<sup>th</sup>, 16<sup>th</sup>, and 20<sup>th</sup> to inform the Commission and the citizens of preliminary General Fund revenue projections and department expenditure requests for FY 2004/05.

The Budget Advisory Committee (BAC) reviewed the proposed budgets of all major departments and offered comments and suggestions throughout the process. In addition, the Finance & Citywide Projects Committee held a special meeting on July 22, 2004, for the purpose of informing both the Commission and the citizens about the status of the proposed General Fund budget. Details of new and enhanced services and proposed budget cuts as well as Administration recommendations were provided to the Commission in early July.

Maintaining the basic service level into FY 2004/05 will translate into an operating General Fund Budget of \$163,730,654 which is \$11,368,218 or 7.5% greater than the FY 2003/04 adopted budget of \$152,362,436. In addition, the budget adds \$2,955,274 for enhanced service levels and \$1,347,070 dedicated for Capital Replacement and Renewal. Therefore, the total General Fund operating budget is \$168,032,998 which is \$15,670,562 or 10.3% greater than the FY 2003/04 adopted budget of \$152,362,436.

This proposed budget recommends implementing over \$2.2 million of newly identified adjustments within the organization as well as new or increased services in the amount of \$2.9 million. In the Communications Department, funding has been provided for a quarterly newsletter to be mailed to all residents along with the Recreation Review and providing information on City events, performances and other items of interest to the citizens.

In the Office of Budget & Performance Improvement (OBPI), funding is being provided for a Systems Analyst for performance improvement who will start by working with the Building Department to improve their productivity by maximizing the use of existing software applications. These will include the permitting system, handheld computers, interactive voice response system and the new queuing system for walk-through customers. Additional funding has been allocated to provide clerical support to the OBPI Director.

In the City Clerk's Office, we have included funding to provide Spanish translation/subtitles for the taped City Commission meetings. Additional funding will provide internet access to all City documents currently scanned in Laser Fiche, opening public access to all City resolutions, ordinances, and contracts.

The Economic Development Department will be adding a Field Monitor for beach and market concessions, special events, and film permits. Costs will be fully offset by additional revenues generated.

Funding has been allocated to the Planning Department for a consultant study and a Senior Planner to develop a Major Use Special Permit review process to supplement or replace the existing concurrency management system. There is the potential to generate additional revenues in the future. One additional Senior Planner will provide better neighborhood planning including implementation of the neighborhood conservation ordinance.

In the area of Tourism & Cultural Development, operating subsidies will be provided to the Colony and Byron Carlyle Theaters that will be partially offset by revenues. The Bass Museum will receive City Center RDA revenues to pay the annual air conditioning maintenance agreement.

The Neighborhood Services area will create three Code Enforcement Officer positions to provide expanded coverage and enhanced service levels throughout the City. Funding for one of these positions will come from Community Development Block Grants (CDBG). Funding is also provided for a contract for nuisance animal removal. Additional funding is being provided to better address the homeless situation throughout the City.

The Parks & Recreation Department will receive funding for professional services and other support costs for additional landscaping related to completed CIP projects such as Washington Avenue, Orchard Park Streetscapes, the Regional Library, and La Gorce/Pine Tree and Marseille Drive. Funding from the City Center RDA will provide professional services and other support costs for additional landscaping related to the completed Beach Walk from 21<sup>st</sup> through 14<sup>th</sup> Streets. This budget also provides funding for a 10-year extended warranty for new exterior sport lighting at North Shore Park and Tennis Center. Lastly, an Urban Forester position will be added to manage the City's urban forest, including inventory and replacement reserve requirements for all City-owned trees, plan review focusing on green space, and education of the general public concerning tree issues.

In the Capital Improvement Projects Department, funding will provide professional services to perform construction document reviews and one Financial Analyst I position for processing invoices, charge backs, requisitions, and providing more timely payments and allowing project managers to dedicate additional time to projects. A Paralegal has been added to assist in responding to contractual and legal issues related to capital projects, provide for more timely completion of projects and allow project managers to dedicate additional time to projects. Additionally, two Field Inspectors will provide service to the three CIP districts as well as Citywide and Parking projects.

The Police Department will be funding a consultant study to examine required staffing levels, scheduling, policies and guidelines. There will be a total of six additional police officers on the streets. This will be accomplished through a series of reassignments; one police officer for the Terrorism Task Force will be funded by the LETF, an additional Lieutenant and two police officers will be funded by the RDA, and two police officers will be transferred from the School Resource Unit of the Criminal Investigation Division and replaced by two civilians. Additional contract security personnel funding has been provided for the North Shore Park & Youth Center, Flamingo Park & Pool and for half a year at Normandy Park and Pool. The department will manage all contracted security personnel for the City.

The Fire Department has received funding to convert a Data Entry Clerk in the Fire Rescue Division from part time to full time to provide support for the medical director as well as the Assistant Fire Chiefs. The Ocean Rescue Division has received funding to convert two part time lifeguard positions to full time to fully staff the 41<sup>st</sup> Street lifeguard stand. Two currently vacant fire inspector positions will be filled with state-certified inspectors which will allow two fire fighters to return to the front lines, with the anticipation that as additional positions become available we will continue this practice.

In the Sanitation area, funding will provide enhanced litter crews to the Mid-Beach 41<sup>st</sup> Street and North Beach 71<sup>st</sup> Street commercial districts. Waterway clean-up efforts in North Beach will be continued. The RDA will provide funding for litter crews for completed CIP projects including the Beach Walk and the completed areas of Collins Park Cultural Center. Additional funding is provided for a part time auditor in OBPI who will enhance monitoring of franchise fees, roll-off fees, and right-of-way fees and generating an equal increase in revenues.

The proposed budget has an additional 0.126 millage dedicated for Capital Replacement and Renewal . As I proposed in the FY 2003/04 General Fund budget, once again the City has an opportunity to establish a restricted account for the renewal and replacement of the City's facilities and infrastructure. This concept is in response to concerns expressed by our citizens throughout the development and implementation of our Capital Improvement Program and the administration's desire to maintain the City in a "world-class" manner.

This opportunity would result in a restricted amount of FY 2004/05 of approximately \$1.35 million to be used exclusively to provide for replacement and renewal of capital items related to our facilities and infrastructure over and above the \$27.4 million already included in the City's Proposed FY 2004/05 Budget for recurring maintenance. This additional millage would be reviewed and approved each year by the City Commission as part of the budget process, and would be used exclusively to address major capital replacement and renewal needs for General Fund departments for those capital expenditures that help to extend or replace the useful life of our facilities and infrastructure. Funding for these needs have never been provided in the Budget.

## **STATUTORY REQUIREMENTS**

FS 200.065, entitled "Method of Fixing Millage" establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2004), to advise the Miami-Dade County Property Appraiser of the proposed general operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and tentative budgets for FY 2004/05. The required Debt Service millage rate must also be set at the same time.

**After setting the proposed operating millage rate, the Commission may, at any time prior to the final adoption, lower the rates by adjusting priorities. Increasing the millage rate may only be accomplished by an expensive mailing and advertising process to every property owner on Miami Beach.**

## **ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH**

On July 1, 2004, the City received the "2004 Certification of Taxable Value" from the Property Appraiser's Office stating that the taxable value for the City of Miami Beach is \$14,040,817,181, including \$348,941,191 in new construction, which is one of the largest increases this City has experienced in its recent history.

The preliminary 2004 value represents an increase of 18.5 percent over 2003's final value of \$11,844,748,005. Alternately, the increase is 16.1 percent over 2003's preliminary value of \$12,094,161,830. The difference of \$249,413,825 between 2003's preliminary and final values represents the equalization loss of less than 2.1 percent due to appeals, etc.

The comparative assessed values for the Miami Beach Redevelopment Agency South Pointe redevelopment district increased by \$420,147,746 or 32.1% percent from \$1,307,656,152 to \$1,727,803,898. The assessed values in the City Center redevelopment district increased by \$134,571,293 or 9.0 percent from \$1,498,627,666 to \$1,633,198,959.

## **DETERMINING THE OPERATING MILLAGE LEVY**

The first building block in developing a municipal budget is the establishment of the value of one mill of taxation, wherein the mill is defined as \$1.00 of ad valorem tax for each \$1,000 of property value. For the City of Miami Beach, this value is determined by the 2004 Certification of Taxable Value and has been set at \$14,040,817. Florida Statutes permit a discount of up to five percent for early payment discounts, delinquencies, etc. For the City of Miami Beach, the discount utilized is 3.5 percent. Therefore, the 96.5 percent value of the mill is \$13,549,388.

Preliminary budget estimates reveal that the millage rate of 7.425 mills will be sufficient to fund a current, basic service level as it presently exists, and selected service enhancements, into the next year. It also reserves 0.126 mills for Capital Replacement and Renewal needs.

The proposed millage rate of 7.425 mills will generate ad valorem tax revenues of \$100,604,206 (of which \$21,223,277 will be transferred to the Redevelopment Agencies) for a net revenue total of \$79,380,929 in the General Fund. The \$79,380,929 includes \$1,347,070 for Capital Replacement and Renewal. Excluding this amount, the General Fund increased \$9,864,883 (14.5%) from \$68,168,976 to \$78,033,859.

### **DETERMINING THE DEBT SERVICE MILLAGE LEVY**

The debt service payment for FY 2004/05 is \$ 10,134,942 and requires a tax rate of 0.748 mills. This rate is 0.126 mills, or fourteen and four tenths percent (14.4%) less than the FY 2003/04 rate of 0.874 mills. The decrease in millage of 0.126 is proposed to be dedicated for Capital Replacement and Renewal.

### **COMBINING THE OPERATING AND DEBT SERVICE MILLAGE LEVIES**

Illustrated below is a comparison of the combined millage rates and ad valorem revenues to the City of Miami Beach for FY 2003/04 (final) and FY 2004/05 (preliminary) including RDA.

	Tax Rate			Tax Levy		
	FY 03/04	FY 04/05	Inc/(Dec)	FY 03/04	FY 04/05	Inc/(Dec)
General Operating	7.299	7.425	0.126	\$83,428,898	\$100,604,206	\$17,175,308
Debt Service	<u>0.874</u>	<u>0.748</u>	<u>(0.126)</u>	<u>9,989,979</u>	<u>10,134,942</u>	<u>144,963</u>
TOTAL	<u>8.173</u>	<u>8.173</u>	<u>(0.000)</u>	<u>\$93,418,877</u>	<u>\$110,739,118</u>	<u>\$17,320,271</u>

If these recommended millage rates are tentatively adopted, then the combined tax rate will remain the same as the current year. The operating millage will increase by 0.126, for Capital Replacement and Renewal and debt service millage will decrease by 0.126 mills.

### **COMBINING JURISDICTIONAL OPERATING AND DEBT SERVICE MILLAGE LEVIES**

City of Miami Beach property owners must also pay property taxes to Miami-Dade County, the Miami-Dade County School Board, the South Florida Water Management District, and the Florida Inland Navigation District. In FY 03/04, the Miami Beach portion of the total tax bill was 32.4 percent. **The recommended millage rates for FY 2004/05 will place the Miami Beach portion of the tax bill at 32.6 percent based on tax rates announced by other jurisdictions.**



Revised FY 2004/05 tax rates may be considered by Miami-Dade County on September 7, 2004. The countywide tax rate will remain 5.969 mills; the County's debt service will remain at 0.285 mills. The Library District has announced that the millage will remain at 0.486 mills. While it is not possible to determine the exact amount returned in additional services, it should be noted that Miami-Dade County returned \$13,915,951 during FY 2003/04 in tax-increment funds for the Redevelopment Agency and its two tax-increment districts.

The Miami-Dade County School Board is scheduled to discuss its final tax rate on September 8, 2004 but has tentatively announced a rate of 8.899 mills; a decrease of 0.201 mills.

The South Florida Water Management District has proposed no increase from the current rate of 0.697 mills. The South Florida Inland Navigation District has proposed no increase from the current rate of 0.039 mills.

Illustrated in the following chart are the current and proposed tax rates for the multiple taxing authorities.

Taxing Jurisdiction	Adopted FY 03/04	Proposed FY 04/05	Inc/(Dec)	% Change	% of Total
Miami Beach					
General Operating	7.299	7.299	0.000	0.0	32.6
Capital Replacement	0.000	0.126	0.126	100.0	
Debt Service	0.874	0.748	(0.126)	(14.4)	
Miami-Dade County					
Countywide Operating	5.969	5.969	0.000	0.0	28.9
Library	0.486	0.486	0.000	0.0	
Children's Trust	0.500	0.500	0.000	0.0	
Debt Service	0.285	0.285	0.000	0.0	
School Board	9.100	8.899	(0.201)	(2.2)	35.5
Other	0.736	0.736	0.000	0.0	3.0
Totals	25.249	25.048	(0.201)	(0.8)	100.0

### **COMBINED MILLAGE LEVY IMPACT ON THE HOMEOWNER**

Amendment 10 to the State Constitution took effect on January 1, 1995 and limited the increase in assessed value of homesteaded property to the percentage increase in the consumer price index (CPI) or three percent (3%), whichever is less. For 2004, the CPI has been determined to be 1.9 percent and therefore, the increase is capped at 1.9% for increased values as of January 1, 2004. The \$25,000 homestead exemption is applied after the increase in value as follows: **assuming** that the average residential property in Miami Beach was valued at \$200,000, that value is increased by the 1.9% to a new value of \$203,800. The homestead exemption of \$25,000 is then deducted, yielding a taxable value of \$178,800.

Using the proposed tax rates, that value is then taxed as follows:

Taxing Jurisdiction	Proposed @ 7.299	Operating
	0.126	Capital Replacement
	<u>0.748</u>	Debt Service
	8.173	
Miami Beach		
	\$27.23	Operating
	22.53	Capital Replacement
	<u>(19.21)</u>	Debt Service
	\$31.05	
Miami-Dade County	27.51	
School Board	(1.36)	
Other	<u>2.78</u>	
Totals	<u>\$ 59.98</u>	

At the combined proposed millage rate of 8.173, the total dollars for Operating, Capital Replacement and Renewal, and Debt Service paid to the City when compared to the prior year's taxable value of \$200,000 and 8.173 millage rate, would increase by \$31.05. The overall taxes would increase by \$59.98. This, of course, assumes that the other taxing jurisdictions adopt these millages.

### **BUDGET RECOMMENDATION**

The Administration recommends that you adopt the **operating millage rate of 7.425 mills (includes 0.126 for Capital Replacement & Renewal) and 0.748 mills for debt service**, which will maintain current basic service levels, fund operational costs for projects as they come on-line, fund enhanced service levels as possible and dedicate funds for Capital Replacement and Renewal. In addition, you may select any millage rate up to the constitutional cap of 10 mills.

### **FIRST PUBLIC HEARING**

The first public hearing on the proposed millage rates and tentative budgets for Fiscal Year 2004/05 must be held no later than 80 days (September 18th) or earlier than 65 days (September 3rd) from the start of the TRIM ("Truth In Millage") calendar (July 1st). Other guidelines are: 1) the public hearing cannot be scheduled on a Sunday or on those days utilized by Miami-Dade County or the Miami-Dade County School Board for their public hearings; and 2) if on a day other than Saturday, the public hearing must be after 5:00 P.M.

Based on these guidelines, the first hearing must be held between September 3rd and September 18th. These dates are unavailable for the following reasons:

September 5 and 12  
September 7 and 20  
September 8

Sundays  
Miami-Dade County Public Hearings  
Miami-Dade County School Board Public Hearing

The first public hearing will be set for 5:01 P.M., date to be announced at the July 28, 2004 Commission Meeting, in the City Commission Chambers, City Hall, 1700 Convention Center Drive, Miami Beach, Florida.

I wish to take this opportunity to thank Kathie G. Brooks, OBPI Director; the Office of Management and Budget; Patricia D. Walker, Chief Financial Officer; the Department Directors; Assistant City Managers; and all City personnel that worked so diligently on this budget. The Administration looks forward to continued assistance from the Budget Advisory Committee, the City Boards and Committees, and community groups upon release of the Proposed Budget and at the public hearings to be held in September.

JMG:PDW:JC

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, SETTING THE PROPOSED MILLAGE RATES FOR FISCAL YEAR (FY) 2004/05, THE CALCULATED "ROLLED-BACK" RATE, AND THE DATE, TIME, AND PLACE OF THE FIRST PUBLIC HEARING; FURTHER AUTHORIZING THE CITY MANAGER TO TRANSMIT THIS INFORMATION TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER IN THE FORM REQUIRED BY SECTION 200.065, FLORIDA STATUTES**

**WHEREAS**, Section 200.065, Florida Statutes, has specified the method by which municipalities may fix the millage rate and adopt an annual budget; and

**WHEREAS**, the City of Miami Beach is required to advise the Miami-Dade County Property Appraiser of the Proposed Millage Rates, the "Rolled-Back" Rate, and the date, time, and place of the first public hearing.

**NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA**, that the following recommendations of the Administration be and are hereby ratified for transmittal to the Miami- Dade County Property Appraiser, as specified in Section 200.065, Florida Statutes:

1) Proposed Millage Rates for FY 2004/05

General Operating	7.299 mills
Capital Replacement & Renewal	0.126 mills
Debt Service	<u>0.748</u> mills
	8.173 mills

2) "Rolled-Back" Rate 6.314 mills

3) The first public hearing on the proposed millage rate and the tentative budget for FY 2004/05 shall be held at 5:01 p.m., date to be announced at the July 28, 2004 Commission Meeting, in the City Commission Chambers, City Hall, 1700 Convention Center Drive, Miami Beach, Florida.

**PASSED and ADOPTED**, this 28th day of July, 2004.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
**APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION**

\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
City Attorney

7/23/04